

Message Text

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ACTION SS-25

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 1611

C O N F I D E N T I A L CARACAS 0653

EXDIS

E.O. 11652: GDS

TAGS: ENRG, VE

SUBJECT: PETROLEUM NATIONALIZATION - CONTROVERSY OVER USG
ATTITUDE ON COMPENSATION

REF: (A) CARACAS 0652 (B) CARACAS 0023 (C) CARACAS 13133

1. THE REMAKRS OFFERED BY GONZALO BARRIOS IN PARIS ABOUT OR
ATTITUDE ON THE LEVEL OF COMPENSATION (REF A) APPARENTLY REFLECT A
FANCIFUL VERSION OF MY CONVERSATION WITH THE PRESIDENT DECEMBER 17
(REF C). I DID NOT SAY TO THE PRESIDENT THEN OR AT ANY OTHER TIME
THERE WAS "SPOILIATION" OF THE COMPANIES' PROPERTY RIGHTS OR THAT
THE COMPANIES HAD SIGNED THE COMPENSATION AGREEMENTS "UNDER
PRESSURE."
2. AS INDICATED IN REF B, PEREZ SEEMS TO HAVE TALKED WIDELY
ABOUT THIS ASPECT OF OUR CONVERSATION WITH APPROPRIATE EMBROIDERY
TO ENHANCE HIS OWN POSITION. JAIME LUSINCHI, A MEMBER OF THE AD
INNER CIRCLE, TOLD ME THAT THE PRESIDENT HAD BRIEFED A GROUP OF
HIS CLOSEST ADVISORS ON THE DIFFERENCE BETWEEN THE TWO GOVERNMENTS
OVER WHAT CONSTITUTES AN ADEQUATE STANDARD OF COMPENSATION.
BARRIOS SEEMS TO HAVE TAKEN IT FROM THERE.
3. AS WE ANTICIPATED, THE POLITICAL CONTROVERSY HERE OVER NATIONALI-
ZATION, ITS TERMS AND EFFECTS, HAS BY NO MEANS SUBSIDED. WE
CAN EXPECT THAT BOTH SIDES WILL TRY TO USE THE PURPORTED POSITION
OR POSITIONS OF THE USG FOR POLITICAL PROFIT--THE GOVERNMENT TO
PROVE ITS NATIONALISM, THE OPPOSITION TO DEMONSTRATE THE
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GOVERNMENT'S COMPLICITY WITH "IMPERIALISM." AN UNFORTUNATE

EFFECT IS TO REDUCE THE EMBASSY'S ABILITY TO BE HELPFUL TO THE
SMALLER COMPANIES WHOSE PROBLEMS ARE STILL ACUTE.

4. THE PRESIDENT HAS INVITED ME TO ACCOMPANY HIM ON A VISIT TO
THE ANNUAL FAIR AT SAN CRISTOLBAL LATER THIS WEEK. I PLAN TO
TAKE THE OCCASION TO LET HIM KNOW THAT I AM GOING TO DO WHATEVER
I CAN TO KEEP THE USG OUT OF THE MIDDLE WHERE THE LOCAL POLICIANS
WANT TO PUT US.
SHLAUDEMAM

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